

# PATENT COOPERATION TREATY

From the INTERNATIONAL SEARCHING AUTHORITY

To: Samir A. Bhavsar  
Baker Botts LLP  
2001 Ross Avenue  
Dallas, Texas 75201

**DOCKETED**

**PCT**

NOTIFICATION OF TRANSMITTAL OF  
THE INTERNATIONAL SEARCH REPORT AND  
THE WRITTEN OPINION OF THE INTERNATIONAL  
SEARCHING AUTHORITY, OR THE DECLARATION

(PCT Rule 44.1)

Date of mailing  
(day-month-year)

07 NOV 2007

Applicant's or agent's file reference  
075234.0285

**FOR FURTHER ACTION** See paragraphs 1 and 4 below

International application No.  
PCT/US 07/09383

International filing date  
(day-month-year) 17 April 2007 (17.04.2007)

Applicant CFPH, LLC

1. ☒ The applicant is hereby notified that the international search report and the written opinion of the International Searching Authority have been established and are transmitted herewith.

Filing of amendments and statement under Article 19:

The applicant is entitled, if he so wishes, to amend the claims of the international application (see Rule 46):

When? The time limit for filing such amendments is normally two months from the date of transmittal of the international search report.

Where? Directly to the International Bureau of WIPO, 34 chemin des Colombettes  
1211 Geneva 20, Switzerland, Facsimile No.: +41 22 740 14 35

For more detailed instructions, see the notes on the accompanying sheet.

2. ☐ The applicant is hereby notified that no international search report will be established and that the declaration under Article 17(2)(a) to that effect and the written opinion of the International Searching Authority are transmitted herewith.

3. ☐ With regard to the protest against payment of (an) additional fee(s) under Rule 40.2, the applicant is notified that:

☐ the protest together with the decision thereon has been transmitted to the International Bureau together with the applicant's request to forward the texts of both the protest and the decision thereon to the designated Offices.

☐ no decision has been made yet on the protest; the applicant will be notified as soon as a decision is made.

## 4. Reminders

Shortly after the expiration of 18 months from the priority date, the international application will be published by the International Bureau. If the applicant wishes to avoid or postpone publication, a notice of withdrawal of the international application, or of the priority claim, must reach the International Bureau as provided in Rules 90bis.1 and 90bis.3, respectively, before the completion of the technical preparations for international publication.

The applicant may submit comments on an informal basis on the written opinion of the International Searching Authority to the International Bureau. The International Bureau will send a copy of such comments to all designated Offices unless an international preliminary examination report has been or is to be established. These comments would also be made available to the public but not before the expiration of 30 months from the priority date.

Within 19 months from the priority date, but only in respect of some designated Offices, a demand for international preliminary examination must be filed if the applicant wishes to postpone the entry into the national phase until 30 months from the priority date (in some Offices even later); otherwise, the applicant must, within 20 months from the priority date, perform the prescribed acts for entry into the national phase before those designated Offices.

In respect of other designated Offices, the time limit of 30 months (or later) will apply even if no demand is filed within 19 months.

See the Annex to Form PCT/IB/301 and, for details about the applicable time limits, Office by Office, see the *PCT Applicant's Guide*, Volume II, National Chapters and the WIPO Internet site.

Name and mailing address of the ISA/US

Mail Stop PCT, Attn: ISA/US  
Commissioner for Patents  
P. O. Box 1450, Alexandria, Virginia 22313-1450  
Facsimile No. 571-273-3201

Authorized officer:

Lee W. Young

PCT Helpdesk: 571-272-4300  
PCT OBP: 571-272-7174

## PATENT COOPERATION TREATY

## PCT

## INTERNATIONAL SEARCH REPORT

(PCT Article 18 and Rules 43 and 44)

Applicant's or agent's file reference 075234.0265	<b>FOR FURTHER ACTION</b>		see Form PCT/ISA/220 as well as, where applicable, item 5 below.
International application No. PCT/US 07/09383	International filing date (day/month/year) 17 April 2007 (17.04.2007)	(Earliest) Priority Date (day/month/year) 18 April 2006 (18.04.2006)	
Applicant CFPH, LLC			

This international search report has been prepared by this International Searching Authority and is transmitted to the applicant according to Article 18. A copy is being transmitted to the International Bureau.

This international search report consists of a total of 2 sheets.

☐ It is also accompanied by a copy of each prior art document cited in this report.

## 1. Basis of the report

a. With regard to the language, the international search was carried out on the basis of:

- ☒ the international application in the language in which it was filed.  
☐ a translation of the international application into \_\_\_\_\_ which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b)).

b. ☐ This international search report has been established taking into account the rectification of an obvious mistake authorized by or notified to this Authority under Rule 91 (Rule 43.6bis(a)).

c. ☐ With regard to any nucleotide and/or amino acid sequence disclosed in the international application, see Box No. I.

2. ☐ Certain claims were found unsearchable (see Box No. II).

3. ☐ Unity of invention is lacking (see Box No. III).

## 4. With regard to the title,

- ☒ the text is approved as submitted by the applicant.  
☐ the text has been established by this Authority to read as follows:

## 5. With regard to the abstract,

- ☒ the text is approved as submitted by the applicant.  
☐ the text has been established, according to Rule 38.2(b), by this Authority as it appears in Box No. IV. The applicant may, within one month from the date of mailing of this international search report, submit comments to this Authority.

## 6. With regard to the drawings,

- a. the figure of the drawings to be published with the abstract is Figure No. 1  
☐ as suggested by the applicant.  
☒ as selected by this Authority, because the applicant failed to suggest a figure.  
☐ as selected by this Authority, because this figure better characterizes the invention.
- b. ☐ none of the figures is to be published with the abstract.

## INTERNATIONAL SEARCH REPORT

International application No.

PCT/US 07/09383

## A. CLASSIFICATION OF SUBJECT MATTER

IPC(8) - G06Q 40/00 (2007.01)

USPC - 705/35

According to International Patent Classification (IPC) or to both national classification and IPC

## B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

USPC: 705/35

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched  
USPC: 705/1, 36R, 37

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

Electronic Databases Searched: PubWEST(USPT,PGPB,EPAB,JPAB); DialogPRO(Patents); Google, Answers.com

Search Terms: Derivatives, financial, contestant, trade, market, price, determining, eliminate, adjust, updates, data, inventory, record, verification, receiving, global, transmit, reservation, computer, destination, trans

## C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y	US 2006/0069635 A1 (RAM et al.) 30 March 2006 (30.03.2006) para [0024], [0042]-[0046], [0104]-[0108], [0149], [0170], [0171], [0174], [0196], [0205], [0289], [0290], [0295], [0438], [0439], [0466], [0476], [0496], [0601], [0657], [0705]; See claim 4; See Table 1	1-17
Y	US 2002/0153656 A1 (MAKSYMIEC et al.) 24 October 2002 (24.10.2002) para [0002]-[0004], [0027]-[0028], [0063], [0088] and [0083]; See claim 53; See Figs. 1 and 2	1-17
Y	US 2006/0003830 A1 (WALKER et al.) 05 January 2006 (05.01.2006) para [0170] and [0174]; See Table 1	9
Y	US 2004/0171381 A1 (INSELBERG) 02 September 2004 (02.09.2004) para [0042]	12
Y	US 6,596,028 B1 (SULLIVAN et al.) 22 July 2003 (22.07.2003) col 8, in 15, col 9, in 20-43	13 and 17

☐ Further documents are listed in the continuation of Box C.

\* Special categories of cited documents:

"A" document defining the general state of the art which is not considered to be of particular relevance

"E" earlier application or patent but published on or after the international filing date

"L" document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)

"O" document referring to an oral disclosure, use, exhibition or other means

"P" document published prior to the international filing date but later than the priority date claimed

"T" later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention

"X" document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone

"Y" document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art

"&amp;" document member of the same patent family

Date of the actual completion of the international search

01 October 2007 (01.10.2007)

Date of mailing of the international search report

07 NOV 2007

Name and mailing address of the ISA/US

Mail Stop PCT, Attn: ISA/US, Commissioner for Patents

P.O. Box 1450, Alexandria, Virginia 22313-1450

Facsimile No. 571-273-3201

Authorized officer:

Lee W. Young

PCT Helpdesk: 571-272-4300

PCT OSP: 571-272-7774

# PATENT COOPERATION TREATY

From the  
INTERNATIONAL SEARCHING AUTHORITY

To: Samir A. Bhavsar  
Baker Botts LLP  
2001 Ross Avenue  
Dallas, Texas 75201

## PCT

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

(PCT Rule 43bis.1)

<p>To: Samir A. Bhavsar Baker Botts LLP 2001 Ross Avenue Dallas, Texas 75201</p>		<p>Date of mailing (day/month/year)</p> <p style="font-size: 1.2em; text-align: center;">07 NOV 2007</p>
<p>Applicant's or agent's file reference 075234.0285</p>		<p><b>FOR FURTHER ACTION</b> See paragraph 2 below</p>
<p>International application No. PCT/US 07/09383</p>	<p>International filing date (day/month/year) 17 April 2007 (17.04.2007)</p>	<p>Priority date (day/month/year) 18 April 2006 (18.04.2006)</p>
<p>International Patent Classification (IPC) or both national classification and IPC IPC(8) - G06Q 40/00 (2007.01) USPC - 705/35</p>		
<p>Applicant CFPH, LLC</p>		

**1. This opinion contains indications relating to the following items:**

- ☒ Box No. I Basis of the opinion
- ☐ Box No. II Priority
- ☐ Box No. III Non-establishment of opinion with regard to novelty, inventive step and industrial applicability
- ☐ Box No. IV Lack of unity of invention
- ☒ Box No. V Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement
- ☐ Box No. VI Certain documents cited
- ☐ Box No. VII Certain defects in the international application
- ☐ Box No. VIII Certain observations on the international application

**2. FURTHER ACTION**

If a demand for international preliminary examination is made, this opinion will be considered to be a written opinion of the International Preliminary Examining Authority ("IPEA") except that this does not apply where the applicant chooses an Authority other than this one to be the IPEA and the chosen IPEA has notified the International Bureau under Rule 66.1bis(b) that written opinions of this International Searching Authority will not be so considered.

If this opinion is, as provided above, considered to be a written opinion of the IPEA, the applicant is invited to submit to the IPEA a written reply together, where appropriate, with amendments, before the expiration of 3 months from the date of mailing of Form PCT/ISA/220 or before the expiration of 22 months from the priority date, whichever expires later.

For further options, see Form PCT/ISA/220.

**3. For further details, see notes to Form PCT/ISA/220.**

<p>Name and mailing address of the ISA/US Mail Stop PCT, Attn: ISA/US Commissioyer for Patents P.O. Box 1450, Alexandria, Virginia 22313-1450 Facsimile No. 571-273-3201</p>	<p>Date of completion of this opinion  01 October 2007 (01.10.2007)</p>	<p>Authorized officer:  Lee W. Young  PCT Helpdesk: 571-272-4300 PCT OSP: 571-272-7774</p>
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WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International application No.

PCT/US 07/09383

Box No. 1 Basis of this opinion

1. With regard to the language, this opinion has been established on the basis of:

☒ the international application in the language in which it was filed.  
☐ a translation of the international application into \_\_\_\_\_ which is the language of a translation furnished for the purposes of international search (Rules 12.3(a) and 23.1(b)).

2. ☐ This opinion has been established taking into account the rectification of an obvious mistake authorized by or notified to this Authority under Rule 91 (Rule 43bis.1(a))

3. With regard to any nucleotide and/or amino acid sequence disclosed in the international application, this opinion has been established on the basis of:

a. type of material

☐ a sequence listing  
☐ table(s) related to the sequence listing

b. format of material

☐ on paper  
☐ in electronic form

c. time of filing/furnishing

☐ contained in the international application as filed  
☐ filed together with the international application in electronic form  
☐ furnished subsequently to this Authority for the purposes of search

4. ☐ In addition, in the case that more than one version or copy of a sequence listing and/or table(s) relating thereto has been filed or furnished, the required statements that the information in the subsequent or additional copies is identical to that in the application as filed or does not go beyond the application as filed, as appropriate, were furnished.

5. Additional comments:

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Box No. V Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement

1. Statement

Novelty (N)	Claims	1-17	YES
	Claims	none	NO
Inventive step (IS)	Claims	none	YES
	Claims	1-17	NO
Industrial applicability (IA)	Claims	1-17	YES
	Claims	none	NO

2. Citations and explanations:

Claims 1-8, 10-11 and 14-16 lack an inventive step under PCT Article 33(3) as being obvious over US 2006/0069635 A1 to Ram et al. (hereinafter .Ram.) in view of US 2002/0153656 A1 to Maksymec et al. (hereinafter .Maksymec.).

Regarding claim 1, Ram discloses a system for trading a plurality of derivative financial instruments (para [0042], [0478] and [0498]), comprising:

A processor (para [0024]) operable to:

Receive a first order to buy a derivative financial instrument that represents a user (para [0042]-[0044]);

Receive a second order to sell the derivative financial instruments (para [0043]-[0044], orders suggests a second order);

Determine a market price based at least in part of the first order and the second order (para [0043]-[0046], [0205], [0498] and [0524]); and

Execute a trade (para [0171]) at the determined market price; and

A memory (para [0042], computer has memory) operable to store the first order and/or the second order (para [0205], [0229] and [0284];

See claim 4).

Ram does not expressly disclose that the instrument represents a contestant in a contest. Maksymec, however, discloses the instrument represents a contestant in a contest (para [0002] and [0083]).

One skilled in the art would recognize the financial advantage of automating the contest through the use of a processor. It would therefore have been obvious to one of ordinary skill in the art to combine Maksymec and Ram as it provide an automated contest in addition to providing a contest for the most successful investor.

Regarding claim 2, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein the derivative financial instrument is associated with an initial price; and the initial price is based at least in part on at least one ranking (para [0290], [0295] and [0466], ranking done with respect to bid prices) and/or achievement. Maksymec discloses that the ranking and achievement is associated with the contestant (para [0002]-[0003]; See Fig 1 and 2).

Regarding claim 3, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein the processor is further operable to adjust (para [0198], adjusting including prices) the market price associated with the derivative financial instrument, wherein the adjustment is based at least in part on a result. Ram does not disclose a contest. Maksymec, however, discloses that the result is associated with at least one stage of the contest (para [0003] and [0063], where a stage could include half-time).

Regarding claim 4, Ram and Maksymec disclose the system of claim 1. Maksymec further discloses wherein the adjustment is made after each stage of the contest (para [0068] i.e., add more bets).

Regarding claim 5, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein the processor is further operable to:

Adjust the market price associated with the derivative financial instrument.

Ram does not expressly disclose the contest.

Maksymec, however, discloses the processor is further operable to:

Determine that the contestant was eliminated from the contest (para [0083]); and

Adjust the market price, the adjustment based at least in part on the determination that the contestant was eliminated (para [0004] and [0083], adjust by payout changes depending on bet versus point spread; a tournament suggests loser of a game exits tournament and automated knowledge that is computerized to determine this is suggested). It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for automation of the contest through the use of a processor.

Regarding claim 6, Ram and Maksymec disclose the system of claim 5. Maksymec further suggests and discloses wherein:

The contestant was eliminated in a particular stage of the contest (para [0083]); and

The adjustment is based at least in part of the particular stage of the contest (para [0004] and [0083]). It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for automation of the contest through the use of a processor.

--See Supplemental Box --

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

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Supplemental Box

In case the space in any of the preceding boxes is not sufficient.

Continuation of:  
Box V. 2 Citations and explanations

Regarding claim 7, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein the processor is further operable to:

Compare a portfolio of derivative financial instruments associated with a first trader against a portfolio of derivative financial instruments associated with a second trader (para [0104]-[0108] and [0601]); and Determine a winning trader (para [0289]), the determination based at least in part on the comparison. Ram does not expressly disclose a winning trader based on a portfolio, however, Maksymec discloses a contest in which a winning trader would be selected. It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for automation of the contest through the use of a processor.

Regarding claim 8, Ram and Maksymec disclose the system of claim 1. Maksymec further discloses wherein:

The contest represents a sports tournament (para [0003], [0005] and [0083]); and  
The contestant represents an athlete and/or team in a sports tournament (para [0027]-[0028]). It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for automation of the contest including sports, which are popular.

Regarding claim 10, Ram and Maksymec disclose the system of claim 1. Maksymec further discloses wherein:

The contest represents an awards event; and  
The contestant represents at least one nominee for an award (para [0002]-[0004] and [0083]); See claim 53, awards for sporting events with teams for nomination based on tournament and entry). It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for contests including awards i.e. MVP for sporting events.

Regarding claim 11, Ram and Maksymec disclose the system of claim 1. Maksymec further discloses wherein:

The contest represents a political event; and the contestant represents at least one politician associated with the political event (para [0003], [0038] and [0039]). It would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec because it provides for political contests, which are popular.

Regarding claim 14, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein the processor is further operable to:

determine a redemption value associated with the derivative financial instrument (para [0042]-[0043] and [0488]); and adjust (para [0198]) the redemption value associated with the derivative financial instrument. Ram does not expressly disclose the contest. Maksymec, however, discloses to adjust the redemption value, wherein the adjustment is based at least in part on a result associated with at least one stage of the contest (para [0002] and [0083]).

Regarding claim 15, Ram and Maksymec disclose the system of claim 14. Ram further discloses wherein the redemption value represents the maximum value for which an exchange will redeem a share of the derivative financial instrument (para [0498], [0657] and [0705]).

Regarding claim 16, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein:

the first order was received from a first trader (para [0042] and [0149]);  
the derivative financial instrument represents a first derivative financial instrument (para [0478] and [0498]); the first trader is associated with a portfolio comprising a plurality of shares of one or more derivative financial instruments (para [0104]-[0108] and [0198]); and the processor is further operable to reject the first order if execution of the first order would cause the portfolio to comprise more than a configurable threshold of shares of the first derivative financial instrument (para [0024], [0042], [0438] and [0439]), computer processor and maximum shares allowed suggests processor does not permit more than maximum).

Claim 9 lacks an inventive step under PCT Article 33(3) as being obvious over Ram in view of Maksymec and further in view of US 2006/0003930 A1 to Walker et al. (hereinafter: Walker).

Ram and Maksymec disclose the system of claim 1. Neither Ram and Maksymec expressly discloses the system relating to reality-based television shows. Walker, however, discloses a system, wherein:

The contest represents a reality-based television show (para [0174]; See Table 1); and  
The contestant represents a participant in the reality-based television show (para [0170] and [0174], actor and performing; See Table 1, reality tv). One skilled in the art would recognize the financial advantage of using a contest in relation to a reality tv show. Therefore it would have been obvious to one of ordinary skill in the art to combine Ram and Maksymec with Walker because the combination provides an automated system for tracking selections of contestants with respect to reality-based television contests, making the system marketable, and thus profitable.

Claim 12 lacks an inventive step under PCT Article 33(3) as being obvious over Ram in view of Maksymec and further in view of US

2004/0171381 A1 (Inselberg). Ram and Maksymec disclose the system of claim 1. Neither Ram nor Maksymec expressly discloses that the contest represents a survey or related to at least one public figure. Inselberg, however, discloses a system, wherein: The contest represents a survey (para [0042]); and the contestant represents at least one public figure associated with the survey (para [0044], sports players are public figures, political rallies suggest politicians). One skilled in the art would recognize the financial advantage of associating a public figure with a contest. It would therefore have been obvious to one of ordinary skill in the art to combine Maksymec and Ram with Inselberg in order to automate a competition based on survey opinions of celebrities, politicians and other public figures.

---See Supplemental Box---

WRITTEN OPINION OF THE  
INTERNATIONAL SEARCHING AUTHORITY

International application No  
PCT/US 07/09383

Supplemental Box

In case the space in any of the preceding boxes is not sufficient.

Continuation of:  
Box V. 2. Citations and explanations

Claims 13 and 17 lack an inventive step under PCT Article 33(3) as being obvious over Ram in view of Maksymec and further in view of US 6,596,028 B1 to Sullivan et al. (hereinafter Sullivan.).

Regarding claim 13, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein:

The first order was received from a first trader, the first trade associated with a first account of electronic currency;

The second order was received from a second trader, the second trade associated with a second account of electronic currency; and

The processor is further operable to:

credit the first account with the proceeds of the executed trade.

Ram and Maksymec do not expressly disclose debiting and crediting accounts according to the executed trade. Sullivan, however,

discloses that the processor is further operable to:

Debit the first account according to the executed trade (col 9, in 20-43, debit an account); and Credit the second account with proceeds of the executed trade (col 9, in 20-43, credit an account, second account disclosed and obviated).

One skilled in the art would recognize the advantage of debit and crediting accounts. It would therefore have been obvious to one of ordinary skill in the art to combine Maksymec and Ram with Sullivan in order to automate a competition and debit and credit the appropriate accounts.

Regarding claim 17, Ram and Maksymec disclose the system of claim 1. Ram further discloses wherein:

The first order was received from a first trader; and

The processor is further operable to:

Receive a passcode (para [0015], four-letter identifier may be a passcode) from the first trader, wherein the passcode is associated with a purchase. Ram does not expressly disclose the passcode is associated with the purchase of a product or denying access for incorrect passcodes. Sullivan, however, does disclose and suggest wherein the passcode is associated with a purchase of a product; and Deny the first trader access to a system if the passcode is invalid (col 8, in 15, password use also implies denying access for incorrect passcode).

Claims 1-17 have industrial applicability as defined by PCT Article 33(4) because the subject matter can be made or used in industry.